

Quarterly Report

October 1 – December 31, 2006

Cooperative Agreement 520-A-00-06-00092-00

USAID – Counterpart International



Community Tourism Alliance



Lema Weavers Association, Cultural Tour Circuit of San Juan la Laguna, Sololá



I. Executive Summary

During this quarter of the project, one of the main activities was the negotiation, finalization and approval of subcontracting agreements and Memoranda of Understanding with the main Alliance partners. These negotiations and agreements have been approved by USAID and full execution of agreements is underway.

In Verapaz activity monitoring took place, primarily related to strengthening capacities of local tourism organizations with regards to attention to tourists' needs and the management of natural and cultural heritage. As well, the project facilitated a learning tour to the Association Ak 'Tenamit in order to promote exchanges, encourage interest and strengthen local organizations of Verapaz. Furthermore, it is worth noting that industry diagnostics are being made through other initiatives that have sought the support of the Alliance, as is the case of the Rocjá Pomtilá tourism project. In Petén, much work has gone into strengthening the CATs and departmental CAT, while continuing to support the strengthening of local tourism groups in Carmelita, Paso Horses, as well as through ACOFOP. Counterpart continues to participate in the Multi-sectoral Mesa del Mirador, which has become a key player because of the work in Carmelita.

In the Altiplano region, two main activities were carried out: 1. two diagnostic visits to establish contacts, assess the conditions and needs of members, and draft a work plan based on the local conditions, and 2. The project participated in strengthening Chichicastenango CAT through experience-sharing regarding the work taking place in the Chisec region.

As part of the community coffee tours, initial meetings were held with ANACAFÉ to assess the potential for working together and diagnostic test on the 3 currently-operating community coffee tours were performed. Based on the diagnoses, they have developed an action and strengthening plan that should be discussed with ANACAFÉ.

The certification component of the project progressed much in adapting the Guide to Best-Practices of Sustainable Tourism, which is community-oriented. The first module-proposals are being vetted now with Rainforest Alliance to best consolidate the adaptation and revision process.

In the promotion and marketing component, the project supported INGUAT in the design of new initiatives, participated in an Academic-Corporate Meeting, and developed some of the content that will be the basis for the development of marketing materials for Alliance destinations.

The main activities in the development and marketing of handicrafts component were oriented around developing the new craft collection. The collection that the project is developing with selected groups in areas affected by Hurricane Stan will be presented at the Gift Fair in New York, from January 28 to February 1, 2007 at the Javits Convention Center in New York City. As well, the marketing activities successfully opened a craft shop in the Cruise Terminal, with visiting international buyers generating orders for \$28,698.33. With the development of marketing events nationally and international, sales of \$ 260,372.97 were generated. Reported income from tourism in Verapaz and Petén program communities during the quarter totaled \$ 26,139.00 and sales projections of the projects funded by the Dacredito / Bank of the Republic program are \$ 35,597,402.00. In addition, the activities of the Alliance generated 58 jobs and strengthened to 25 local tourism and craft organizations. Domestic

tourists were reported to be 1,030, and 136 international tourists visited destinations served by the project community. Leveraged funds for project activities reached \$ 479,082.46.

II. Introduction

The Community Tourism Alliance (the Alliance) is a public - private consortium made up of leading organizations in tourism development whose objectives are: (a) support and create new community tourism enterprises as well as small and medium tourism enterprise in rural Guatemala, (b) improve access to marketing, product design and financial services for small and medium tourism enterprise, (c) improve the capacity of local communities to co-manage and conserve cultural resources through tourism and d) better support local communities to participate in biodiversity conservation in regions around the project sites.

The Alliance coordinates all activities closely with the Government of Guatemala, through INGUAT, CONAP MICUDE-IDAHE and PRONACOM. As well, the alliance develops activities for micro, small and medium scale tourism enterprises of the following regions: Petén, Izabal, Verapaces, South Coast, Central Highlands and Western Highlands, with special emphasis on areas affected by Hurricane Stan.

During this quarter (October-December 2006), special emphasis was given to the negotiation and conclusion of agreements and Memoranda of Understanding with the partners in the Alliance. Capacity-building activities for community organizations both in Verapaces CATs as Petén continued as well. Furthermore, diagnostics of the Coffee tours and the situation in the Altiplano were run to develop reality-based plans and establish needs identified in the field. The processes related to community empowerment in sustainable tourism best-practices and marketing of Alliance destinations continue. As well, the activities related to the development and marketing of handicrafts have already begun to yield results and the access to credit and financial services components activities are now being monitored.

1. Capacity building for local tourism organizations (regional and national)

1.1 Tourism Services Training:

As part of this sub-component, three training workshops and an exchange tour were developed, benefiting seven community organizations. As well, in-depth diagnostics of Rocja Pomtilá community were run, Alta Verapaz, in an area bordering the National Park Laguna Lachua and a general diagnosis for the Highlands region was also completed. In Petén, efforts in the revitalization and strengthening of municipal CATs and in shaping the departmental and regional CATs were advanced, for which two local and one departmental workshop were developed. Additionally, in the highlands the creation of the Chichicastenango CAT was supported. Finally, in the Izabal region, a strategic opportunity to generate positive impacts in the region and to avoid duplication of efforts was identified.

Verapaces:

As part of strengthening the quality tourism services in the communities of Puerta al Mundo Maya, Chisec, Alta Verapaz, three training sessions were held during this quarter. The first two training sessions dealt with "quality care services and tourism" and were given to members of the tourism associations Mucbilha 'I and Candelaria

Cemetery by CPI staff. Subsequently, a First Aid training, managed by CPI and taught by a volunteer from GRC, was held for representatives of all the communities of World Puerta Maya.

To learn about successful experiences in tourism management at the community level and to motivate communities near Cancuén that make AMERICA Association (Association for Rural Education Maya Comprehensive Cancuén), an exchange tour to the facilities and projects Ak 'Association Tenamit in Izabal was held. During this tour, held on 4 and 5 December 2006, representatives of the communities of Santa Isabel, El Zapote and La Union participated. During the visit, the community members had the opportunity to get to know the various initiatives related to tourism and development that Ak 'Tenamit is implementing in Izabal, including the sale of handicrafts, restaurant, attention to tourists, and education and health programs. Among the significant achievements of this tour, the exchange of ideas around attention to tourists and the design and operation of tourism facilities among members of the two groups stood out. As well, observing how a good organization and strong integration of tourism and business initiatives can support community development was noted.

In order to identify priority interventions and training and support, a field visit was made to Pomtilá Rocja community ', which is located 72 km from Chisec, Alta Verapaz, outside the Park Lagoon National Cachua. To date, the community has been supported by the Eco Quetzal Project. During the visit, a workshop in which participants developed a situational diagnosis of community organization was given. This diagnosis determined that the organization works fairly well and there is a good level of participation by partners. Furthermore, it was noted that tourist visitation levels are quite low, a situation that was attributed largely to the lack of marketing. However, the field survey also found that work is needed in the design of trails and water routes in order to improve safety for visitors. We established a good relationship between CPI and the community and there are plans to support the tourism work and marketing and to invite members to the training in fiscal year 2007.

Petén:

In the department of Petén, CPI has played a major role in the formation and strengthening of Community Tourism Association (CTAs) at the municipal and departmental level. Although most municipal CTAs were formed approximately 6 years ago, they have weak structures and low member participation. During the quarter (October to December 2006), we continued to work on reviving and strengthening the municipal CTAs, finalizing legalization processes and structuring missions, visions, goals and objectives. With some strengthened CTAs, "CTAs team" visited those still needing strengthening. These visits had two main objectives: 1. Encourage and support the strengthening of each municipal CTA so that all CTAs will be at the same level, and 2. Promote the formation of a CAT at the departmental level. Two workshops were held with the CTAs in Melchor de Mencos and El Remate in which participants reviewed the local CTAs and promoted the idea of a CTA departmental training. Later, in Flores, CPI organized a situational workshop where

the benefits and the legal basis were discussed and, finally, a work plan for the departmental and regional CTA was drafted. As a result of these activities, the Petén CTA was the first to reach the departmental and regional level in the country and has a number of strategic guidelines for action to start work in 2007.

In addition, a workshop on "Maya Culture from the perspective of tourism" was held. During this workshop, members of the Tourism Business Centers (TBCs) of FUNDESA, which addresses micro, small, and medium tourism enterprises in the region, participated.

Altiplano:

To support the process of restoring and strengthening the CTA in Chichicastenango, Quiché, CPI facilitated the participation of a representative of CPI - AGRETUCHI - Puerta al Mundo Maya in the first Chichicastenango CTA workshop. Held on November 22, 2006, several issues of importance to the CTA of Chichicastenango were discussed, including: 1. Road planning area with support from the municipal authorities. 2. Tourist security, coordinating with Politu and municipal police. 3. Hygiene and decoration with support from health personnel and municipal authorities. 4. Community tourism possibilities, employing sustainable landscapes and cultural aspects. The CPI-AGRETUCHI representative shared the Puerta al Mundo Maya experience, as well as some of the marketing initiatives that have been implemented throughout the project. The activity was attended by approximately 50 people- representatives of institutions that could potentially integrate the local CTA (including tourism operators and service representatives, COCODES, the Municipality, firefighters, PNC, Municipal Police, NGOs, local organizations and health workers).

During November and December, the CPI team made two visits to the plateau region in order to complete the site analysis. Activities included identifying relevant organizations and projects, the diagnosis of the community groups previously identified in the needs assessment and identification of training and technical support needed. This information is being used to develop the plan and training and technical support schedule for capacity building for tourism organizations in the Altiplano, coordinating with other local initiatives. The main findings of this analysis include: 1. The fact that different organizations and projects have conditions, problems and are at very different stages of development, so common points and needs will have to be identified, 2. The fact that certain deficiencies and common needs for organizations and projects exist and 3. Given the diversity and breadth of the growing area, new actors often appear. Thus, it is necessary to prioritize actions based on their potential impact and that benefit community groups and other relevant groups, such as FENATUCGUA, CTAs and TBCs. In accordance with the diagnosis, the main actions to be undertaken in the area are related to training, marketing, technical assistance and implementation of standardized systems for counting visitors.

Izabal:

At the end of this quarter, the European Union awarded an agreement for the consultation entitled "Support to MSMEs Izabal Tourist" through FUNDAECO, which focused on the following activities: 1. Strengthening CTAs, 2. Development of a marketing plan, 3. Development of a training program, and 4. Improvements in

planning and management of specific tourist sites. These activities will be developed in Izabal with special emphasis on areas of Puerto Barrios and Santo Tomas de Castilla. It is expected that during the first month of the next quarter, CPI will be coordinating efforts with this consultancy to carry out activities to strengthen the CATs and training.

In addition, the negotiation of an agreement with the Association Ak 'Tenamit for strengthening The School of Sustainable Community Tourism was fully executed. The School offers expert advice on sustainable tourism to communities in the Izabal region, using methodologies adapted to the reality of local communities, including the SAT system (self-learning system Tutorial) and classroom practice mode, which allows students to engage in tourism-focused businesses as part of the educational program. Thanks to this agreement, this educational program will be open to at least 5 FENATUCGUA community representatives in the 2007 school year. As well, CPI and Ak 'Tenamit have begun working together to replicate this initiative in Petén, with special emphasis on community forest concessions in the Multiple Use Zone of the Mayan Biosphere Reserve. Opportunities to implement a similar school in Lake Atitlán, Solola are being explored.

1.2 Administrative Capacity Strengthening

A Workshop was held in the community of Candelaria Camposanto, Chisec, Alta Verapaz, to booster motivation and active involvement of the members in association activities. Important issues, such as statutes, operations and administration of the association, were reinforced and a survey on the difficulties faced by the association, especially related to the low participation of its members in various activities, was conducted.

Administrative technical assistance by FUNDESA began in 2007 after the signing of a cooperative agreement, which was subsequently approved by USAID. This assistance will focus on MSMEs and communities in and around tourist hubs identified by the project. A total of 50 administrative technical assistance interventions will be implemented in 2007.

1.3 Technical Assistance in Image Promoting:

This activity will be development with FUNDESA, after the cooperative agreement, approve by USAID, has been signed in January 2007. This activity will endeavor to strengthen the image of tourism enterprises. One of the main issues that was found during the diagnostic period were the tourism sector MIPYMES in rural areas. A total of 50 technical assistance in image promoting interventions will be implemented in 2007 with the support of FUNDESA and its network of CTAs.

1.4 Management of Natural and Cultural Patrimony in Host Communities:

Verapaces:

In order to strengthen community associations' capacity to manage cultural and natural patrimony in tourism destinations around Puerta al Mundo Maya, Chisec (B'omb'ul Pek, Candelaria Camposanto, and Muq'b'ulhal), Counterpart personnel and INTECAP facilitated trainings. At the beginning of October, a training on basic caving was given at INTECAP headquarters in Cobán. As well, at the end of October, a training on caving technics was also given here. In November, Counterpart took over this activity, providing two trainings that covered the following themes: "Biotic and Abiotic Factors of Caves" and "Mayan Culture and Protection of Caves."

Petén:

To support the community of Paso Horses in managing natural and cultural heritage, two trainings, conducted by INTECAP, were organized. The first training given during the second week of November was about caving, given the characteristics of the karst region. The second was on Mayan iconography, emphasizing those aspects related to the archaeological site Waka'-El Peru. Of note is the fact that there are two groups Paso Caballos organized to work with tourism: the group Macaw is legally recognized and has applied and participated in various trainings; on the other hand, the group Waka 'Peru has adopted an antagonistic and conflicting attitude and has not participated in the training. A climate of conflict, generated by the friction between these two groups, remains in the community.

CPI has provided advice to the Association of Forest Communities of Petén (ACOFOP) for providing a coordinator of ecotourism activities in the Integrated Forest Concessions in the Mayan Biosphere. During this process, the creation of an association parallel to ACOFOP to handle the tourism issues was proposed, but after several working sessions and discussions, it was determined that the best option was to create a commission within ACOFOP which will coordinate ecotourism activities. ACOFOP's ecotourism commission has already been molded to shed light on ecotourism development within forest concession areas.

CPI is supporting the development of a domestic policy of tourism development for the communities of Paso Caballos and Carmelita. These include administrative policy, types of contracts with tourism businesses, bans on unfair agreements, service-provider rotations to the community, tourism-path behavior, behavior in tourism camps, behavior around water sources, and behavior regarding food, bedtime, waste management, tourist safety, promotion and marketing, and management animals. This policy also reflects rights, obligations and disciplinary sanctions. The process now stands at the coordination stage with MICUDE and Balam Association, whereby the key points of the policy will be adapted for application to archaeological and cultural heritage sites around Guatemala.

It is important to note the special case of Carmelita - Mirador Rio Azul National Park. A major weakness identified in the area was the lack of a shared vision and a lack of coordination between the government, the community and non-governmental organizations regarding tourism development and conservation in the area. CPI participated with Balam Association (with support from WCS) and CPI in the creation of a Multi-sectoral Round-Table with the government, the private sector, local communities and NGOs to discuss and establish consensus. The official launch of the Round-Table was held on October 19 and at the end of this quarter two more meetings were held. In these sessions, guidelines and rules for operation were set.

As well, CPI has provided technical support for work that the US Department of the Interior is performing under its Memorandum of Understanding with the Government of Guatemala, which provides focused technical assistance in managing natural and cultural heritage. CPI has supported the DOI in logistics and technical advice in both the development of its work plan and the implementation of its first intervention visit. CPI, along with Balam Association, has advised the DOI in the process of publicizing and adapting its work plan to meet the needs of the local population and in building consensus with key players in the region.

Altiplano:

During diagnostic visits, initial interventions were identified in the Altiplano: 1) one or two general workshops on natural and cultural patrimony and 2) the application of standards that benefit a wide array of communities and organizations. It is possible that in the future additional, more time-sensitive issues in specific communities will be identified.

1.5 Strengthening of Community Coffee Tours:

During this quarter, Counterpart's activities in the Coffee Tour component were centralized around strengthening the relationship between ANACAFE and the team in charge of coffee tours. As well, Counterpart performed diagnostics on the conditions of each operating coffee tour in order to identify strengths, weaknesses, and possible actions for technical support. An overview of the three diagnostics can be found below.

As part of Counterpart's new work in the highlands of Guatemala, a diagnostic visit was made to the coffee tours of San Juan La Laguna and Santa Clara (ASUVIM). San Juan La Laguna has developed a complete product that is sold to the public and has been widely accepted; this tour has some important strengths: 1. Good internal organization and coordination with other tourism products and services in San Juan, 2. It provides guide services, and guides are trained, 3. The tour has suitable infrastructure, 4. The tour has unique landscape features, 5. The overall service is of good quality and 6. All aspects relevant to a coffee tour are clearly laid out. As well, aspects that Counterpart can support and provide assistance in were identified. Among these are: current capacity building and coordination of new training and technical assistance. As well, marketing will help greatly in promoting coffee tours

and the rest of the San Juan tourism products, which make the location an integrated destination. Inclusion in at least one press tour, printed materials and websites will also be beneficial.

Integral States Association for Better Living (ASUVIM) has a tour unlike any other. Strengths identified are: 1. The tour is given on horseback, which differentiates it from others that ANACAFÉ promotes, 2. It provides guide services, 3. The infrastructure is adequate for visitors and 4. The association has the support of the NGO, Live Better, in addition to that of ANACAFÉ. However, some factors that may limit tourism development of the project were identified, including: 1. Limited access and isolation from the tourist trails; the access road to the cooperative is in bad shape (it takes at least half a day to get to complete the coffee tour), 2. There are similar products and more accessible areas nearby that compete with the project. However, this location has incredible value, making visits unique and remarkable and justifying the difficulties arising from the location and access. Therefore, CPI will work jointly with ANACAFÉ to test the feasibility and viability of the ASUVIM product, which may be considered for use in trainings to be carried out in the area.

A reconnaissance visit to the coffee tour of the Cooperative Chicoj in Alta Verapaz was also conducted. During the visit, it was determined that the strengths of the Cooperative and the coffee tour include: 1. Sound organization with good levels of participation by partners, 2. Coffee Operations are working with technology, 3. Good financial management of all aspects of the cooperative and 4. This coffee tour is different because it offers adventure activities (canopy and swings) as a complement. Among the areas for improvement that were determined and which will focus on the training and technical assistance provided by CPI, the lack of an environmental protection program and pollution of various areas along the coffee tour route. On the other hand, CPI will also work on marketing to leverage the strategic advantage that coffee tours offer, especially adventure aspects, and improving the logistics of reservations between the cooperative and local tour operators.

1.6 Strengthening Formal Sustainable Tourism Expert Education Programs

This activity will begin upon the signing of a cooperative agreement that has been approved by USAID and will be signed by the parties in January 2007. The Ak'Tenamit Association will be supported through the tourism expert education program, which introduces technology to Izabal area youth and the FENATUCGUA selected communities. The representatives of the FENATUCGA communities to be integrated into the 3-year sustainable tourism expert program, run by Ak `Tenamit, were elected during the session of the Board of FENATUCGUA, conducted with support of CPI in Cancun and The Union on November 28 – 30, 2006.

1.7 Strengthening and Expanding Proyecto Pavo

This project will begin in January 2007, upon the signing of the cooperative agreement, authorized by USAID and vetted by all parties. Its goal is to strengthen the Project, which deals with developing tourism industry capacities in local

communities, especially around logistics and assistance to hunters in the Multiple Use Zone of the Mayan Biosphere to observe turkey-hunting regulations. Experiences in previous years in the communities of Carmelita and Uaxactún have shown that this activity has reduced the impact on turkey populations, generating much higher income in communities compared with local hunting-based consumption. Among the activities proposed is the expansion of the harvest area in Carmelita, the strengthening communities of Carmelita and Uaxactún, and a study to identify the potential of the Concesión San Andrés (AFISAP).

2. Access to Credit and Financial Services

2.1 MIPYMES Access to Credit Conferences. The Association for the Development of Sustainable Tourism (ATS), in coordination with Counterpart, FUNDESA and Green Alliance organized a series of workshops to promote access to credit and financial services targeted at rural communities and tourism and handicraft sector MSMEs. The ATS participated in eight events held in different project areas (the Highlands and Pacific Coast, Antigua, Verapaz and Izabal) where briefings on GuateInvierte / DaCrédito program were given and potential beneficiaries were identified.

Five workshops were organized to follow up with current and potential program beneficiaries and provide technical assistance for the management of credit and financial services. We worked with the Tecpán Association of Artisans, the Monterrico Tourism Association, the Craftsmen Quetzal Port Terminal, the Artisans Craft Market Zone 13 in Guatemala City, and with the association of taxi and bus drivers in Puerto Quetzal, who attended to 120 people.

The ATS participated in the IV Forum of Small Hoteliers in Central America, which focused on competitiveness and access to credit, with the participation of 150 people from the tourism industry, including hotel entrepreneurs and representatives from the National Chambers of Central American Tourism Authorities. They also attended the Seminar on Excellence in Tourism Development and Trends in Color, organized by the Handicraft Commission of AGEXPORT and Counterpart in Guatemala City, and craft fairs in San Cristobal and Lower San Juan el Obispo in Antigua Guatemala. A total of 61 participants came to these talks and were informed about the loan program.

2.2 Conferences regarding access to credit for cultural and ethnic tourism initiatives:

In coordination with the Ethnic and Cultural Tourism Project: INGUAT, five conferences were organized for communities with potential to develop cultural and ethnic tourism and develop communities implementing capacities. The conferences were held in Livingston (125 people), Coban (220), Quetzaltenango, Guatemala City, and Petén. The conference attendees were informed about the activities FUNDESA and DaCrédito are carrying out and examples of community tourism in Guatemala were presented. Subsequently, working groups were formed where project profiles were analyzed to obtain financing

from the Dacredito program or to be included in the business plan contest "Design your business", organized by Technoserve.

2.3 Conferences regarding access to credit for tourism committees in Izabal:

ATS held information-sharing conferences for Tourism Committees in Izabal with special attention paid to the development of new businesses and improving existing tourism enterprises. Major growth of the tourism sector in Izabal is expected, due to the construction of the Cruceros Terminal in Puerto Santo Tomas. As a result of this and the conferences, a second round of funding for Taxi Drivers Cooperative of Puerto Barrios was carried out with a total of 20 new vehicles acquired with credit.

2.4 Direct Promotion Campaign: ATS

ATS tracked the promotional campaign of GuateInvierte Credit Trust / Dacredito and the Bank of the Republic, which focused on tourism and handicrafts among potential beneficiaries. During this quarter, a total of 24 credits (4 for handicrafts and 20 for tourism) totaling Q. 2,321,504.12 (U.S. \$ 305,461.07) were awarded.

2.5 Support to the "Create Your Business" Program

The Association of Sustainable Tourism analyzed 73 profiles and 20 plans from businesses that participated in the "Create Your Business" program. The Bank of the Republic awarded a tourism project in Izabal, presented by the Garifuna de Bururu Group, funds to implement the project in Playa Punta de Palma.

2.6 Personal Entertainment of CETs to promote tourism and handicrafts credits

The training of the Central Tourism Business personnel continued in Livingston, Izabal. This training facilitated the informed participants about the procedures of Dacredito's access to credit program.

3. Certification

3.1 Technical Assistance and Training Design around Sustainable Tourism and Community Certification Best Practices:

Counterpart Alliance with assistance from Green Alliance, Rainforest Alliance and FUNDESA, is designing 10 training modules around best practices for sustainable tourism, aimed at communities. These will form the basis for encouraging community groups to use best practice and certification processes. To date, the first six modules have been used in preliminary settings, and they will be combined, condensed and measured to design the final modules, focused communities. In a meeting with Green Alliance in December, the proposed structure and content for the module on water was revised, and Green Alliance approved on the module. Currently, we are coordinating with Rainforest Alliance on revising and obtaining final approval for the relevant modules.

3.2 Technical Assistance for MIPYMES and Communities regarding Sustainable Tourism Best Practices

This subcomponent will begin to be implemented in January, as soon as the agreement between FUNDESA and Counterpart is fully executed. The agreement has been approved by USAID. It is important to highlight that the trainings given by Counterpart personnel in Chisec were closely related to the Best Practices, which was an important focus of the work in Chisec during this Quarter. However, a standard Best Practices Guide focused on communities, which would facilitate and guarantee homogenization of Best Practices, is still needed.

3.3 MIPYMES Accreditation with Green Deal seal:

As with the previous component, this component will begin implementation in January of 2007 upon full execution of the agreement between Counterpart and FUNDESA. This agreement includes support to the Green Alliance and the Green Deal seal. Certification of 30 MIPYMES has been planned for 2007.

4. Promotion and Marketing

As part of the promotion and marketing activities, technical and logistical support was provided to carry out an ethnic tour and need-identification workshop as part of the "Competitive Development of Cultural Tourism for the Indigenous Maya of Guatemala" project. This project is implanted by CAMTUR with financing from the IDB. During 2007, it is expected that various CAT destinations will be integrated with the Ethnic Tourism Routes that will shape the CAMTUR project. These destinations will be strengthened through trainings, technical assistance, promotion and commercialization which the project will facilitate.

4.1 Promotional Tool Production that Include CTA Project Beneficiaries:

A report that will serve to introduce the main activities and achievements of the CTA program, as well as those of partner organizations and beneficiary destinations, was developed. The first edition has been completed in both English and Spanish and is currently awaiting USAID approval before distribution.

As well, during this quarter, the contents of the Puerta al Mundo Maya descriptive destination texts were revised and the texts for the Altiplano and Peten destinations were begun. These texts are crucial as they constitute the base of all promotional materials that will be developed for Alliance destinations.

On behalf of the Japanese Cooperation, the Alliance made a visit to the Puerta al Mundo Maya destinations in order to coordinate activities around training and marketing between the cooperative and INGUAT. During this visit, technical advisors from the Japanese Cooperation were satisfied with the level of service received and with the destinations' willingness to work with the Alliance.

4.2 Including Beneficiary Destinations of the Project in International Fairs and Press Trips:

Counterpart facilitated Puerta al Mundo Maya's participation in the Academic Business Meeting Regarding Cultural and Ethnic Tourism- a business opportunity, which was organized by the University of Istmo with support of various Guatemala City-based organizations. During this meeting, which took place on October 11, 2006, Mr. Gonzalo Latz participated in the conference, sharing the experience of Puerta al Mundo Maya and promoting the community tourism destinations. His presentation, supported by the academic community at UNIS, was attended by more than 100 people, including academic authorities, members of the diplomatic corps, business people and managers in the tourism sector, and university multidisciplinary university students. As well, the opportunity to see other activities in the context of ethnic and cultural tourism was beneficial and this opportunity was very relevant to the work in the Alliance destinations.

Durante el diagnóstico en el Altiplano se logró identificar aquellos sitios y proyectos que están listos para ser incluidos en el itinerario de una gira de prensa. En principio se tiene contemplado que Rupalaj K'istalin (San Juan La Laguna), el Coffee Tour de San Juan La Laguna y el proyecto Corazón del Bosque formen parte de la primera gira de prensa organizada a la región en el primero o segundo trimestre de 2007.

During the diagnostic scan in Altiplano, projects and sites ready to be included in the press tour were identified. As of now, Rupalaj K'istalin (San Juan La Laguna), the San Juan coffee tour and the Heart of the forest project are part of the first organized media tour to the region in the first or second quarter of 2007.

4.3 Marketing of Certified Tourist Products that Implement Best Practices

This activity will begin implementation upon signing of the agreement with FUNDESA; however, the web portals ecoindex.org (managed by Rainforest Alliance) and alianzaverde.org are already up and running.

4.4 Geotourism Campaign:

Initial conversations with National Geographic continue around revising the plan for developing and launching the geotourism campaign. As well, it was initially suggested that the Alliance members form part of the geotourism advisory committee so that the campaign can be implemented. During the next quarter, this initiative will be tracked carefully to promote the signing of an agreement between the Government of Guatemala and National Geographic promoting national geotourism development. This will promote the inclusion of local communities, authentic products, and the conservation of natural and cultural patrimony.

5. Marketing and Development of Handicrafts

5.1 Handicraft Collection Development:

As was planned, the Handicraft Commission AGEXPORT coordinated designer Patti Carpenter's visit to Guatemala to work more closely with her on 5 product collections that can be presented at different sales and commercial promotional events in 2007. The collection that the project is developing with the selected groups in areas affected by Hurricane Stan will be presented at the Gift Fair in New York on the 28th of January until the 1st of February, 2007 at the Javits Convention Center.

Collection development will follow these steps:

1. Identifying the producer groups with which to work. This happened through a tour at the end of August through various municipalities in Solola affected by Stan. The selected groups are:

| Group | Location | Handicraft Branch |
|-------------------------------------|--------------------|-------------------|
| Artesanías del Pueblo Maya | San Antonio Palopó | Textiles |
| Cerámica Atitlán | San Antonio Palopó | Ceramics |
| Joyería Tzutuhil | Santiago Atitlán | Jewelry |
| Asociación de Artesanas de San Juan | San Juan La Laguna | Textiles |

2. Identifying exporters that will sponsor the producer groups. This sponsorship will include financing the development of the prototypes and providing business advice to the design team related to the potential product line. At the end of the process, the business will take charge of commercially promoting the product and will continue working with the producer group and taking orders.

The selected businesses to participate in this process are:

| Exporter | Producer Group | Collection |
|----------------------|----------------------------|------------------------|
| De Colores | Artesanías del Pueblo Maya | Purses and makeup bags |
| Casa de los Gigantes | Cerámica Atitlán | Outdoor tablecloths |
| La Casa Cotzal | Joyería Tzutuhil | Jewelry holder |
| Innova | San Juan La Laguna | Men's wallets |
| Modiane | Artesanías del Pueblo Maya | Traveling cloth |

3. Contacting the Institute of Design Research "INDIS" at the Rafael Landivar University to select 5 industrial designers in the last years of their careers that will assist the project and provide practical experience to the development of the collections. They will work under the direction of an international designer, a commercialization business, and a producer group.

With this group, the following activities will be carried out:

| Date | Activity | Location |
|----------|------------------------------------|----------|
| 27.10.06 | Get-to-know-you tour | SOLOLÁ |
| 11.12.06 | Progress evaluation review meeting | AGEXPORT |

Each designer, in coordination with the exporter, will visit the communities many times to work on the prototype development with them. As a result of this process, various products already have been developed with by local designers.

Lastly, during designer Patti Carpenter's visit to Guatemala, 3 days were solely dedicated to a get-to-know-you tour to the producer groups. Mrs. Aida Fernandez, of the Handicraft Commission AGEXPORT, accompanied the tour, which included 1 day of seminars on trends for designers, commercialization businesses, and producer groups. Later, 6.5 days was dedicated to collection development.

This last activity took place in the Handicraft Commission AGEXPORT's meeting room, where local designers, exporters, handicraft leaders from the selected groups and members of the Commission met.

5.2 Seasonal Trends in Handicrafts Seminar 2007

The Design Trends Seminar: Color, Style, and their Application in the Handicraft Sector took place on Friday, September 22, with support from international designers Patti Carpenter and Michelle Wipplinger. This activity was implemented by AGEXPORT with support from Counterpart and UNESCO.

Wipplinger, who is known for her experience in color messaging and participates actively in the US based Color Marketing Group, owns her own business, Earthuse, which is dedicated to textiles and color messaging. A fan of traditional Guatemala textiles, Wipplinger financed her own trip to Guatemala and participated in the seminar, sharing her vast knowledge with the team.

The seminar was attended by 44 people, including local designers (owners of the exclusive shops in Antigua Guatemala), design students, exporters, personnel from institutions that support the sector (Ministry of Economy, INGUAT, URL) and representatives from producer organizations. The seminar was centered around color trends, textures and season fads for 2007 and 2008. The seminar was co-sponsored by USAID-Counterpart and UNESCO (which covered Wipplinger's fees). Participant evaluations showed that the event was "Excellent" or "Very Good", both for the event organization and the speakers.

5.3 International Fairs:

The collection that the Project is developing with the selected groups in areas affected by Stan will be presented at the Gift Fair in New York, between January 28

and February 1, 2007, at the Javits Convention Center. This Fair is one of the most important in the US for handicrafts.

During this quarter, preparations were made for the New York fair, including finalizing the collection to be presented, booth registration, hotel and transportation logistics, and preparing catalogs and advertisements.

5.4 Local and Regional Promotion:

The project participated in the Our Guatemala Festival in CEMACO Pradera Concepcion, Plaza Cemaco Zona 10 and Cemaco Peri Roosevelt in Zone 11. 55 participants from the handicraft sector attended (21 were members of the Handicraft Commission AGEXPORT) and the activity generated \$187,720 USD in sales over 25 days.

As well, a handicraft festival in the Maxi Bodegas Shops in Chimaltenango, San Jose Pinula, Villa Nueva y Mixco, and Guatemala City was held. Yet another Handicraft Festival was requested by Walmart, in which 6 provider groups (all from AGEXPORT) participated, generating \$53,075.42 USD in sales.

In Nicaragua, the Walmart chain store Hiperpaiz hosted a handicraft festival for Guatemalan products, generating \$19,577.55 USD in future sales for 9 AGEXPORT provider groups.

5.5 International Buyers' Visit

The Handicraft Commission AGEXPORT actively promotes visits from international buyers through participation in international fairs, directly following up with contacts who communicate with the Commission or through other Guatemalan commercial office abroad. During the current quarter, the following international buyers visited:

| Buyer | Country | Result Reached |
|--------------|------------------|---|
| Rijkzwaan | Holland | Visit to the country in October 2006; was referred to a company that had the specific offer he wanted and he placed an order for \$ 5333.33 with them that was sent in early December to Holland. |
| La Curacao | California / USA | La Curacao in Los Angeles, visited the country as part of the Meet the Emigrant meeting, organized by the MINECO. La Curacao gave a presentation of the offer and the experience of the Festive Craft Stores Commission. The negotiations are still in process. |
| Lory Grey | California / USA | Visited the country in December 2006 and placed an order for US \$1,200 and development of a collection with Modiane, which will be presented at Ms. Grey's booth. |

5.6 Shops in Tourist Markets:

In September with The Cruceros Terminal in Puerto de San Jose – Marina Pez Vela, formal negotiations began to found a handicraft shop with marketable offerings. The store will be in the Plaza de Artesanos, which caters to tourists coming off cruise ships. Two local buildings have been rented for these shops. In one of these buildings, two exporting business were located (De Colores and Casa de los Gigantes), while in the other was the Gremial de Artesanos de Antigua. The handicraft shops began sales with the first cruise of the season, in October 2006. During this quarter, 14 cruise ships docked and were attended to by the two shops. The Alliance supported the shops with the first month's rent, while the businesses invested in air conditioner installation, furniture and assembly assistance.

6. Post-Stan Recovery Activities

All the activities in this component will begin upon the signing of the agreement between Fundacion Solar and Counterpart, which USAID has approved.

As well, during diagnostic visits to the altiplano region, an exchange session with Fundacion Solar was held to gain consensus on coordination mechanisms and institutional support. Counterpart will closely track technical support activities that are developed under this agreement. During a past visit, an exchange between CPI and the Rupalaj Kistalin association took place. During this exchange, participants got to know the products and services that the association offers in San Juan La Laguna and advise based on the CPI team's field experience in Verapaces and Peten was provided.

The following table shows the current monitoring and evaluations results in this quarter. A detailed breakdown is available in Annex 1.

| Indicator | Planned in FY 07 | Spent in Q1 (October - December 2006) | Observations |
|--|------------------|---------------------------------------|---|
| Investments | \$1,975,000 | \$315,210.30 | See the table in Annex 1 |
| In tourism | \$1,475,000 | \$26,139.00 | See the table in Annex 1 |
| In handicrafts | \$500,000 | \$289,071.30 | The first handicraft sales took place in the first 2 quarters of the Fiscal Year 2007. |
| Projected Tourism and Handicraft Credit Projectes | 0 | \$ 35,597,402.00 | Projected during the funding period (2 – 5 years) See the table in Annex 1 |
| People employed | 1450 | 58 | See the table in Annex 1 |
| Men | | 58 | See the table in Annex 1 |
| Women | | 0 | See the table in Annex 1 |
| Indigenous | | 24 | See the table in Annex 1 |
| Non-indigenous | | 34 | See the table in Annex 1 |
| Amount of national tourists | 250,000 | 1,030 | See the table in Annex 1. This number includes tourists reported in Alta Verapaz and Peten. The established agreements with project partners will allow registration of data in other regions of the country and for more additionally information on MIPYMEs to be gathered. |
| Amount of international tourists | 12,500 | 136 | See the table in Annex 1. This number includes tourists reported in Alta Verapaz and Peten. The established agreements with project partners will allow registration of data in other regions of the country and for more additionally information on MIPYMEs to be gathered. |
| Amount of MIPYMEs created | 65 | 0 | See the table in Annex 1 |
| Strengthening of local tourism and handicraft organizations | 20 | 25 | See the table in Annex 1 |
| Available Credit for Tourism and Handicrafts | \$5,000,000 | \$305,461.07 | See the table in Annex 1 |
| Leveraging | \$7,446,677 | \$479,082.46 | See the table in Annex 1 |